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BEFORE THE ARIZONA CORPORATION COMMISSION

2002 NOV 20 P 4: 14

AZ CORP COMMISSION  
DOCUMENT CONTROL

WILLIAM A. MUNDELL  
CHAIRMAN  
JIM IRVIN  
COMMISSIONER  
MARC SPITZER  
COMMISSIONER

IN THE MATTER OF THE GENERIC  
PROCEEDINGS CONCERNING ELECTRIC  
RESTRUCTURING ISSUES.

Docket No. E-00000A-02-0051

IN THE MATTER OF ARIZONA PUBLIC  
SERVICE COMPANY'S REQUEST FOR  
VARIANCE OF CERTAIN REQUIREMENTS  
OF A.A.C. 4-14-2-1606

Docket No. E-01345A-01-0822

IN THE MATTER OF THE GENERIC  
PROCEEDINGS CONCERNING THE  
ARIZONA INDEPENDENT SCHEDULING  
ADMINISTRATOR

Docket No. E-00000A-01-0630

ISSUES IN THE MATTER OF TUCSON  
ELECTRIC POWER COMPANY'S  
APPLICATION FOR A VARIANCE OF  
CERTAIN ELECTRIC COMPETITION RULES  
COMPLIANCE DATES

Docket No. E-01933A-02-0069

NOTICE OF FILING SUMMARY OF TESTIMONY

Pursuant to Third Procedural Order on Track B (dated October 9, 2002), Tucson Electric Power Company ("TEP"), through undersigned counsel, provides notice that it has filed the Summary of Testimony of David Hutchens, a copy of which is attached.

Arizona Corporation Commission

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CAR

1 RESPECTFULLY SUBMITTED this 20<sup>th</sup> day of November, 2002.

2 ROSHKA HEYMAN & DEWULF, PLC

3  
4 By 

5 Raymond S. Heyman  
6 Michael W. Patten  
7 One Arizona Center  
8 400 East Van Buren Street, Suite 800  
9 Phoenix, Arizona 85004  
10 (602) 256-6100

11 Attorneys for Tucson Electric Power Company

12 **ORIGINAL and 19 COPIES** of the foregoing  
13 filed November 20, 2002, with:

14 Docket Control  
15 ARIZONA CORPORATION COMMISSION  
16 1200 West Washington Street  
17 Phoenix, Arizona 85007

18 **COPIES** of the foregoing hand-delivered  
19 November 20, 2002, to:

20 The Honorable William A. Mundell  
21 Chairman  
22 ARIZONA CORPORATION COMMISSION  
23 1200 West Washington  
24 Phoenix, Arizona 85007

25 The Honorable Jim Irvin  
26 Commissioner  
27 ARIZONA CORPORATION COMMISSION  
1200 West Washington  
Phoenix, Arizona 85007

The Honorable Marc Spitzer  
Commissioner  
ARIZONA CORPORATION COMMISSION  
1200 West Washington  
Phoenix, Arizona 85007

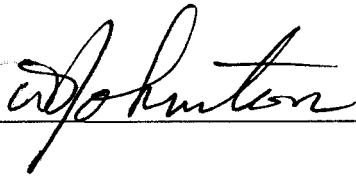
ROSHKA HEYMAN & DEWULF, PLC  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

1 Teena I. Wolfe, Esq.  
2 ALJ, Hearing Division  
3 ARIZONA CORPORATION COMMISSION  
4 1200 West Washington Street  
5 Phoenix, Arizona 85007

6 Christopher Kempley, Esq.  
7 Chief Counsel, Legal Division  
8 ARIZONA CORPORATION COMMISSION  
9 1200 West Washington Street  
10 Phoenix, Arizona 85007

11 Ernest G. Johnson, Esq.  
12 Director, Utilities Division  
13 ARIZONA CORPORATION COMMISSION  
14 1200 West Washington Street  
15 Phoenix, Arizona 85007

16 **COPIES** of the foregoing sent via mail/electronic mail  
17 on November 20, 2002, to the attached Service List

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1                   **SUMMARY OF TESTIMONY OF DAVID HUTCHENS ON BEHALF OF TEP**

2                   **NEEDS ASSESSMENT AND PROCUREMENT PROPOSAL**

3           TEP's Contestable Load for purposes of the upcoming competitive solicitation includes  
4   TEP's wholesale load and all of TEP's existing reliability must-run generation units. In the  
5   upcoming solicitation, TEP intends to issue requests for bids on a variety of energy products and  
6   ancillary services and will use the process generally described in the Commission Staff's  
7   October 25, 2002 Report.

8                   **TRACK B ISSUES**

9           TEP's position on the proposed competitive solicitation process is driven by unique  
10   circumstances that TEP believes deserve consideration in the solicitation process. The two key  
11   facts underlying TEP's positions are: (a) TEP does not have any competitive affiliates that will  
12   participate in the solicitation process and (b) the TEP retail service area faces significant  
13   transmission limitations that may affect TEP's competitive solicitation. However, the  
14   Commission Staff's October 25, 2002 Report fails to recognize TEP's unique position and places  
15   uneconomic and unnecessary requirements on TEP. Moreover, those detrimental requirements  
16   provide no benefit to other parties. TEP proposes two key modifications to Staff's October 25,  
17   2002 solicitation proposal to remedy TEP's concerns: (i) allowing TEP's wholesale marketing  
18   department to conduct the competitive solicitation, thus avoiding the need to create a duplicate,  
19   parallel department and (ii) allowing TEP to include all TEP generation assets existing as of  
20   September 1, 2002 in the determination of TEP's Contestable Load, not just assets "included in  
21   rate base."

22           With respect to other parties' positions on Track B issues, several parties have  
23   suggested eleventh-hour modifications or additions to the initial competitive solicitation  
24   process. Some of those suggestions make sense, such as using standard industry  
25   contracts, and should be incorporated into the process as appropriate. Other suggestions  
26   would unduly complicate and prolong this initial solicitation process, such as including  
27   RMR or Environmental Portfolio needs as a part of the energy put out for bid in the 2003  
28   solicitation. Further, nothing in the testimony of the other parties changes TEP's

1 recommendations concerning the process, as set forth in my direct testimony. In fact,  
2 certain other parties' testimony supports the two key TEP recommendations set forth  
3 above.